

Message Text

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ACTION NEA-10

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R 161327Z OCT 76
FM AMCONSUL DHAHRAN
TO USDOC
INFO AMEMBASSY JIDDA
SECSTATE WASHDC 5039

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JIDDA PASS COPY TO RIYADH OFFICE

E.O. 11652: N/A
TAGS: BEXP, SA
SUBJECT: INVESTMENT OPPORTUNITY: CABINET MANUFACTURING --
ALBASSEET

REF: DHAHRAN 0857

1. POST HAS RECEIVED INQUIRY FROM ALBASSEET INDUSTRIAL AND COMMERCIAL FURNITURE FACTORY, P.O. BOX 253, RIYADH, REGARDING ASSISTANCE IN LOCATING AN AMERICAN PARTNER TO ESTABLISH JOINT VENTURE TO MANUFACTURE KITCHEN CABINETS. IO IS SIMILAR TO ONE OFFERED BY AL-ZAMIL OF ALKHOBAR, WHICH IS DISCUSSED IN REFTTEL, BUT WITH FOLLOWING DIFFERENCES. ALBASSEET HAS BEEN IN FURNITURE (AND ALLIED PRODUCTS) BUSINESS FOR TWENTY YEARS WHILE AL-ZAMIL HAS NEVER MANUFACTURED HOME FURNISHINGS, AL-ZAMIL, HOWEVER, IS LONGER AND BETTER ESTABLISHED, HAS SEVERAL JOINT VENTURES WITH TWO US COMPANIES AND MAY RPT MAY HAVE BETTER FINANCIAL RESOURCES TO DRAW UPON.

2. OMAR N. ALBASSEET, OWNER'S SON, WHO PROVIDED IO, IS PLANNING SEVERAL WEEK VISIT TO US AND INTENDS TO ARRIVE IN WASHINGTON NEAR BEGINNING OF NOVEMBER TO VISIT RELATIVES LIVING IN MARYLAND SUBURBS. HE HAS BEEN ADVISED, REGARDING THIS IO, TO CALL ON CAGNE STAFF ASAP AFTER ARRIVAL IN US TO HAVE PRELIMINARY DISCUSSIONS WITH APPROPRIATE USDOC OFFICER CONCERNING THIS IO. IT WAS NOTED THAT SINCE HE HAS ALREADY ARRANGED TO BE WITH RELATIVES IN WASHINGTON AREA
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FOR OVER ONE WEEK, HE MIGHT BETTER HAVE OPENING DISCUSSIONS

IMMEDIATELY AND THEN RETURN TO COMMERCE WEEK LATER TO SECURE LIST OF COMPANIES HE MIGHT CALL ON TO DISCUSS IO. POST PROVIDED HIM WITH NAME AND TELEPHONE NUMBERS OF CAGNE STAFF MEMBERS EDMONDS AND ZANTAL WITH EXPLANATION THAT WE WOULD REQUEST USDOC TO PROVIDE US WITH OTHER NAMES IF APPROPRIATE. APPRECIATE RECEIVING OTHER INSTRUCTIONS FROM CAGNE REGARDING ALBASSEET VISIT BY COB OCTOBER 19 AS HE WILL BE CALLING CONGEN OR EMBASSY OFFICE IN RIYADH FOR FURTHER INFORMATION. FYI: OMAR ALBASSEET IS YOUNG MAN ON HIS FIRST TRIP TO USA AND, CONSEQUENTLY, MAY REQUIRE MORE GUIDANCE THAN MIGHT ORDINARILY BE CASE. HIS ENGLISH IS GOOD AND HE SHOULD HANDLE HIMSELF WELL IF WELL BRIEFED ON HIS PROGRAM OF APPOINTMENTS.

3. FOREGOING CLEARED IN SUBSTANCE TELEGRAPHICALLY WITH EMBASSY JIDDA. EMBASSY COMMENTS THAT IO PROPOSAL FROM ALBASSEET IS WORTH CONSIDERING BUT NOTES ITS RECORDS ARE ELEVEN YEARS OLD AND IT WILL, THEREFORE, PREPARE WTDR ON RIYADH-BASED COMPANY. WE NOTE FURTHER THAT US FURNITURE-MANUFACTURING EXPERT, ON SHORT-TERMIESC ASSIGNMENT WITH SAG TO MAKE SURVEY OF SAUDI FURNITURE FACTORIES, VISITED ALBASSEET EARLY IN 1976 AND RATED COMPANY'S OUTPUT AND PLANT AS BEING BELOW AVERAGE IN TERMS OF QUALITY BUT CONSIDERED COMPANY'S POTENTIAL TO BE ABOVE AVERAGE. US EXPERT NOTED THAT ALBASSEET "NEEDS FURNITURE DESIGNS SUITABLE FOR SAUDI PRODUCTION AND ADEQUATE MACHINERY".

4. POST REMAINS BULLISH REGARDING IO'S IN HOUSING ACCESSORY FIELD AS MARKET FOR THESE KINDS OF PRODUCTS HAS BARELY BEEN SCRATCHED. PRESENTLY SAUDI HOUSING SUPPLY FOR MASSES DOES NOT COVER DEMAND AND GIVEN COUNTRY'S WEALTH, IT SHOULD NOT BE LONG BEFORE HOUSING CONSTRUCTION INDUSTRY WILL BOOM. COMPANIES IN HOUSING CONSTRUCTION OR PREFABRICATION TELL US THAT CABINETS FOR HOMES ARE NEARLY ALL IMPORTED, ARE EXPENSIVE, AND AVAILABILITY LEAVES MUCH TO BE DESIRED. FURTHERMORE THERE ARE NOT STANDARD SIZES WHICH THEY CAN PLAN UPON IN TERMS OF DESIGNING KITCHENS OR BEDROOMS. CONSEQUENTLY COUNTRY IS RIPE FOR THIS KIND OF IO AND POST HAS PROVIDED, IT BELIEVES, TWO GOOD CANDIDATES. CAGNE HAS PROVIDED TWO -- BOISE CASCADE AND MASTERCRAFT INDUSTRIES (DENVER, COLORADO) AND POST HAS SPARKED INTEREST TO TRUESDELL INTERNATIONAL OF NEWPORT BEACH, CALIF. (FYI TRUESDELL WILL BE IN SAUDI ARABIA LATER THIS MONTH AND WE HOPE TO APPRAISE HIM THIS IO. HE WILL BE CALLING ON AL-ZAMIL AS WELL). POST SUGGESTS DISCUSSION

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WITH INDIANA FIRMS WHO SUPPLY CABINETRY PRODUCTS TO MOBILE HOME INDUSTRY. ALSO RECALL THAT NAPPANEE, INDIANA, IS HOME OF TWO QUALITY COMPANIES (MUTSCHLER AND ONE OTHER) WHO MIGHT BE INTERESTED IN THE TWO CABINET MANUFACTURING IO'S PROPOSED BY POST.

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